

## Message Text

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ACTION ARA-10

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FM AMEMBASSY MEXICO

TO AMEMBASSY BRASILIA PRIORITY

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

INFO US TREASURY WASHDC

SECSTATE WASHDC 2416

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TREAS:FOR US CUSTOMS HEADQUARTERS, WASHDC FIB/OI

E. O. 11652: N/A

TAGS: OTRA/MX

SUBJECT: VISIT OF CUSTOMS OFFICERS

REF: BRASILIA 0320 & 0236 MEXICO 402

1. TO CLARIFY PURPOSE OF VISIT, MESSRS. PADILLA AND WRIGHT PLAN TO MAKE THE FOLLOWING INQUIRIES IN SAO PAULO: 1) ESCRIPTORIO SUPPLY, AGENT FOR VARIOUS MANUFACTURERS IN BRASIL CONCERNING \$292,584 US WORTH OF UNDERWEAR OF MANMADE FIBER ALREADY EXPORTED TO US. SPECIFIC QUESTIONS INCLUDE IN ORDER TO DETERMINE IF SUPPLY'S 5 PERCENT COMMISSION IS DUTIABLE; 2) SELEPAULO, S.A.- MANUFACTURER OF LEATHER HANDBAGS. TOTAL VALUE ALREADY IMPORTED INVOICED AT \$840,000 US. BOTH MANUFACTURING FIRM AND US IMPORTING COMPANY ALLEGEDLY OWNED BY BRASILIAN NATIONAL JACOB KORICH. PRODUCT HAS BEEN INVOICED AT \$5 AND \$6 US WHILE INFORMATION FROM THE LEATHER INDUSTRY INDICATES PRICE OF LEATHER HAS RISEN SUBSTANTIALLY ABOVE PRICE CLAIMED BY COMPANY. SPECIFIC INFORMATION DESIRED: DETERMINATION OF FAIR MARKET VALUE FOR POSSIBLE ADDITIONAL DUTIES DUE FROM US IMPORTER: 3) MALHARIA-LUT-ENRI, MANUFACTURER OF VARIOUS TYPES OF WEARING APPAREL. GOODS

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VALUED AT \$307,962 US ALREADY EXPORTED TO US. IT IS SUSPECTED THAT

MALHARIA AND US IMPORTER ARE RELATED COMPANIES AND US IMPORTER IS DECLARING PRODUCTS AT LESS THAN FAIR MARKET VALUE FOR DETERMINATION OF DUTIES.

SPECIFIC INFORMATION DESIRED: IS FINANCIAL OR OTHER ASSISTANCE GIVEN MALHARIA BY US IMPORTER? IF SO, IS THIS ASSISTANCE REFLECTED IN THE INVOICE PRICE AS DECLARED TO US CUSTOMS? ALSO, COMPARISON OF PRICES ON SALES TO COUNTRIES OTHER THAN US FOR DETERMINATION OF FAIR MARKET VALUE; 4) ORGANIZACAO SOCIAL E EDUCACIONAL "EMMANUEL", MANUFACTURER OF LEATHER FOOTWEAR. COMPANY HAS EXPORTED MERCHANDISE INVOICED AT \$750,000 US TO US. INVOICES ACCOMPANYING CUSTOMS ENTRIES, PREPARED BY MANUFACTURER DO NOT CONTAIN SPECIFIC IDENTIFICATION OF PRODUCTS (STYLE NUMBERS, TYPE OF MATERIAL, SIZES AND STOCK NUMBERS) IN ORDER TO CLASSIFY PRODUCTS FOR DUTY PURPOSES. SPECIFIC INFORMATION DESIRED: ABOVE INFORMATION NEEDED FOR PREVIOUS IMPORTS AND TO INFORM EXPORTER REGARDING FUTURE INVOICES PREPARATION. ALSO VERIFICATION OF COST DATA TO DETERMINE IF VALID EXPORT VALUE EXISTS; 5) RAIANTE, S. A., SAPIRANGA, FOOTWEAR MANUFACTURER EXPORTED \$8,000 US TO US. IT IS BELIEVED THAT RELATIONSHIP EXISTS BETWEEN RAIANTE AND US IMPORTER WHICH PRECLUDES INVOICE BEING FAIR MARKET VALUE. SPECIFIC INFORMATION DESIRED: TYPE OF RELATIONSHIP, DETERMINATION OF WHETHER UNDECLARED ASSISTANCE EXISTS, OR IF THIS IS ARM-LENGTH TRANSACTION, AND OTHER INFORMATION TO VERIFY FAIR MARKET VALUE OR IN ITS ABSENCE INFORMATION TO CONSTRUCT THAT VALUE.

2. THE ABOVE INQUIRIES INVOLVE INFORMATION REQUIRED FOR PROPER CLASSIFICATION AND PRICING OF PRODUCTS FOR DETERMINATION OF CORRECT DUTY ON IMPORTS ALREADY MADE. MEETINGS WITH THESE COMPANIES

ARE PLANNED TO OBTAIN THIS INFORMATION AND VERIFICATION OF DATA FROM COMPANIES' FINANCIAL RECORDS AND CORRESPONDENCE. THESE ENQUIRIES ARE NOT AIMED AT RESTRICTING TRADE, RATHER AT ENHANCING TRADE BY A FREE EXCHANGE OF INFORMATION.

3. IN NO SENSE WOULD WE WANT THESE INQUIRIES TO BE CONSTRUED AS OF AN EXTRA-TERRITORIAL NATURE. THEY ARE INTENDED TO BE COMPLETELY OPEN WITH THE KNOWLEDGE AND CONSENT OF GOB. THEY ARE NOT DIRECTED AGAINST GOB OR BRASILIAN TRADE IN GENERAL, RATHER THEY ARE TO DETERMINE IF TWO PRIVATE PARTIES(BRASILIAN COMPANY AND US IMPORTER) MAY OR MAY NOT BE WORKING IN CONFEDERATION TO PAY LESS THAN CORRECT IMPORT DUTIES TO US GOVERNMENT. COMPANIES ARE UNDER NO LIMITED OFFICIAL USE

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OBLIGATION TO COOPERATE EXCEPT THAT FAILURE TO DO SO MAY RESULT IN SEIZURE OF MERCHANDISE, MONETARY PENALTY, AND OTHER CIVIL AND CRIMINAL ACTION AGAINST US IMPORTER AS CLASSIFICATION AND APPRAISEMENT WILL BE PERFORMED BY ANY OTHER REASONABLE METHOD, AND IN RARE INSTANCES, FUTURE IMPORTATIONS BY MANUFACTURER MAY BE DISALLOWED. IN DECEMBER LETTERS WERE SENT TO THE COMMERCIAL ATTACHE, BRASILIA, EXPLAINING THE ABOVE INQUIRIES. THESE LETTERS WILL MORE FULLY

EXPLAIN PURPOSE OF VISIT.

4. WHEREAS THE ABOVE INQUIRIES REFER TO MARKET DETERMINATIONS THE FOLLOWING HAVE STRONG INDICATIONS OF DELIBERATE ATTEMPTS TO DEFRAUD US CUSTOMS: 1) MALHARIA MONTRICOT, SAO PAULO, MANUFACTURER OF CLOTHING FABRIC SHIPPED GOODS TO US IMPORTER VALUED AT \$50,000 US. TWO INVOICES FOR THE SAME MERCHANDISE WERE SUBMITTED SHOWING UNIT PRICES OF \$1.70 AND \$.95 RESPECTIVELY. IMPORTER HAS PAID MANUFACTURER ONLY \$23,739 FOR TOTAL PURCHASE. FRAUD IS SUSPECTED. INQUIRY WILL BE DIRECTED TOWARD VERIFICATION OF TOTAL AMOUNT AND VALUE OF GOODS SENT TO US IMPORTER.

5. CALCADOS ROSELI, DOIS IRMAOS(MANUFACTURER) AND MARUBENI CORP, PORTO ALEGRE (SHIPPER) OF LEATHER FOOTWEAR TO US. INQUIRY WILL BE AIMED AT DETERMINING CORRECT VALUE FOR DUTY PURPOSES. FALSE INVOICING IS SUSPECTED BY WAY OF UNDECLARED ASSISTANCE FROM MARUBENI, AN INTERNATIONAL COMPANY WITH OFFICES ALSO LOCATED IN US. ALSO AN INQUIRY IS NECESSARY INTO THE COMMISSION PAID BY THE IMPORTER TO MARUBENI AMERICA TO DETERMINE IF IT IS PART OF THE DUTIABLE VALUE.

6. JOSE ODDONE ATTILIO MARSIAJ WAS DETAINED IN SAN FRANCISCO AND \$19,000 US WAS SEIZED FROM HIM FOR FAILURE TO REPORT ITS IMPORTATION. MR. ODDONE MADE STATEMENTS WHICH INDICATE LACK OF INTENT TO COMMIT A CRIME. THE ASSISTANT US ATTORNEY HAS DELAYED CRIMINAL PROCEEDINGS PENDING OUTCOME OF INQUIRY IN BRAZIL WHICH IS PLANNED TO BE ACCOMPLISHED BY INTERVIEWS WITH VARIOUS PARTIES AND FIRMS WHICH MR. ODDONE CLAIMS

CAN SUBSTANTIATE HIS ALLEGATIONS.

7. VISIT WITH THE BAHIA COCOA TRADE COMMISSION IS PLANNED TO REQUEST QUARTERLY REPORTS OF EXPORT SALES OF COCOA BUTTER BE SENT TO US CUSTOMS IN ORDER TO ESTABLISH UNIFORMITY OF DUTIABLE LIMITED OFFICIAL USE

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VALUES ON IMPORTS TO THE US.

8. CUSTOMS OFFICERS ALSO DESIRE A MEETING WITH BRASILIAN CUSTOMS OFFICERS FOR LIAISON AND INTELLIGENCE PURPOSES ON TOPICS OF MUTUAL CONCERN SUCH AS LIQUOR AND GUN SMUGGLING FROM US, CURRENCY, NAVIGATION, AND GENERAL SMUGGLING VIOLATIONS PERTINENT TO THE AREA (I.E. SMUGGLING OF JEWELRY TO US). OF PARTICULAR INTEREST IS OBTAINING REGULAR LISTS OF US REGISTERED PLEASURE BOATS AND AIRCRAFT TRANSITING BRASIL TO INSURE THAT THEY REPORT TO CUSTOMS UPON THEIR ARRIVAL IN THE US.

9. HOTEL RESERVATIONS FOR MR. WRIGHT ONLY IS REQUESTED FOR JANUARY 20 IN BRASILIA AND IT IS DESIRED THAT RESERVATIONS

PREVIOUSLY REQUESTED IN SAO PAULO BE CANCELLED.

10. MR. WRIGHT WILL ARRIVE BRASILIA VIA TRANS-BRASIL FLIGHT  
450 ETA 2100 HRS 1/20/76 FOR DISCUSSION OF INQUIRIES WITH  
EMBASSY OFFICIALS PRIOR TO MAKING ANY CONTACTS.  
JOVA

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